



Fund Balance Policy

WHEREAS, the City Council acknowledges that an adequate Undesignated Fund Balance is essential in maintaining the City's strong financial standing, and;

WHEREAS, a healthy Undesignated Fund Balance level provides evidence to the City's bond holders and bond rating agencies of financial stability and credit worthiness, and;

WHEREAS, an Undesignated Fund Balance can provide for capital expenditures, unanticipated mandatory expenses and one-time expenditures that do not create an ongoing financial obligation;

NOW, THEREFORE, BE IT HEREBY RESOLVED by the Waterville City Council, acting as the Municipal Officers, that the following terms and conditions be adopted regarding use of the City's Undesignated Fund Balance:

1. That an amount equal to at least 12% of the City's most recent approved operating budget shall be established as a minimum Undesignated Fund Balance.
2. That annually, following completion of the City's audit, the City Manager shall review the Undesignated Fund Balance and propose to utilize, through the annual budget process, surplus funds above the 12% minimum, if any.
3. That said proposed use of Undesignated Fund Balance funds be dedicated to projects in the Capital Improvement Program or other unanticipated one-time expenses.
4. That the Council may vote to establish certain reserve accounts from the Undesignated Fund Balance for the purpose of funding specific capital improvement needs in the future.
5. That the Council may, by a two-thirds ($\frac{2}{3}$) vote, decide to expend or to reserve amounts greater than that listed above based on the immediate or long-term needs of the City.

APPROVED

Waterville City Council
May 20, 2008

*As Amended May 7, 2013
(Resolution 79-2013)*

*As Amended April 5, 2011
(Resolution 55-2011)*